

REMARKS/ARGUMENTS

Claims 1-13 stand rejected in the outstanding Official Action. Claims 1-3 have been amended and claims 1-13 remain in this application.

The acknowledgment of applicants' claim for foreign priority and constructive receipt of the certified copies of the priority documents is very much appreciated. Additionally, the Examiner's consideration of the documents submitted with applicants' Information Disclosure Statement is appreciated.

The Patent Office objects to the Abstract and the arrangement of the specification. It is also appreciated that the Examiner has brought the Abstract and the arrangement of the specification to the applicant's attention. It is noted that the objection to the Abstract and the arrangement appear to be an indication that the originally filed specification and drawings (transmitted from WIPO) do not meet the formality requirements of the U.S. Patent and Trademark Office. The Patent Office is reminded that the U.S. Patent and Trademark Office must comply with all articles of the Patent Cooperation Treaty (PCT) including Article 27. It has been held that:

"if the rule and interpretation of the PTO conflicts with the PCT, it runs afoul of Article 27 of the PCT which provides in part:

- (1) No national law shall require compliance with requirements relating to the form or contents of the international application different from or additional to those which are provided for in this Treaty and the Regulations."
Caterpillar Tractor v. Commissioner, 231 USPQ 590, 591 (EDVA 1986).

The Patent Office has referenced this decision in the Official Gazette dated September 9, 1986 (1070 TMOG 5).

As a consequence, the Patent Office (including the Chief Draftsman's Office) may not require Abstract changes, specification format changes and/or drawing corrections (including changes in paper size, margins, etc.) as long as the originally submitted documents comply with the PCT requirements. Inasmuch as this specification and these drawings were forwarded for WIPO, by definition, they meet the PCT requirements (they are not forwarded until they meet PCT requirements.). Therefore, the objection to the Abstract and the specification is respectfully traversed and reconsideration thereof is respectfully requested.

Notwithstanding the above, applicant has included a retyped Abstract on a separate sheet, and has added headings and subheadings to the specification.

Claims 1, 4, 5 and 11-13 stand rejected under 35 USC §102 as being anticipated by Ziarno (U.S. Patent 5,869,825). Applicants' claim 1 as originally submitted and as currently amended recites two unique method steps. First, the card memory is "provisionally" recorded with the new information, but without losing the prior values. Then, the modifications to the card memory are finalized by confirming either that all modifications have been made or no modifications have been made. This unique method overcomes the prior art problem of cards which are partially modified and then being left in their partially modified state when removed from contact with or in the vicinity of the terminal.

As discussed in applicants' specification, while data transfer interruption is not as much of a worry when cards are actually in contact with a terminal, it is a significant problem with the so-called "contactless" cards which merely pass near a terminal. The card modification process may be interrupted unexpectedly because the card moved beyond the range of the terminal before the processing has been completed or by virtue of a transient disturbance such as a mass of metal passing nearby. In either event, the problem is that cards may have been interrupted in their processing for completion of the desired transaction.

For example, if a contactless card is passing through a toll booth and the first processing step is to identify the card holder and debit the card, and the second processing step is to adjust the card's memory to reflect the deduction in the amount of the toll. If, after completion of the first step, the card is beyond the range of the terminal, the cardholder's memory is not debited the amount of the toll and therefore will not accurately reflect the toll transaction.

The applicants have solved this problem of partial transactions being recorded by a unique method of modifying the contents of the non-volatile memory of contactless microcircuit cards. First, there is a provisional recording in the card memory that does not erase or lose prior values in that card memory. Once all elements of the transaction have been completed, there is a finalizing step in which either all of the transactions are accepted in the card or none of the transactions is accepted. Thus, the card itself prevents partial transactions and is set for either an all or nothing operation. Claim 1 as originally

submitted reflected the characteristics of these two method steps, i.e., in the recitation of “provisionally recording” and in the statement that the commands will “either all have been taken into account, or else all of them will be without effect.”

The Court of Appeals for the Federal Circuit has noted in the case of *Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick*, 221 USPQ 481, 485 (Fed. Cir. 1984) that “[a]nticipation requires the presence in a single prior art reference disclosure of each and every element of the claimed invention, arranged as in the claim.”

The Examiner apparently contends that Ziarno teaches every method step set forth in applicants’ independent claim and in addition teaches the interrelationship between those steps which are claimed. In Ziarno, there is disclosed a plurality of data resulting from a number of different cards which are gathered and then sent to a central site. The central site checks the conformity of the data and then provides authorization verification.

While it is noted that the examiner generically attributes each one of applicants’ claimed method steps to be disclosed in the Ziarno reference, a close examination indicates that this may not actually be the case. Specifically, looking at the “provisionally recording” step alleged to be present in the Ziarno reference at column 5, lines 25-53 (Official Action page 5, last four lines), there is actually nothing contained in the cited portion of the Ziarno reference that relates to provisionally recording any information in the contactless card.

The Examiner also concludes without citation to the Ziarno reference that modifications are finalized either by all of them being confirmed or all of them being

discarded. This conclusion is subsequently identified as being present in Ziarno at column 6, lines 46-56. However, that portion of the Ziarno reference is with respect to the operation of the terminal and not the contactless card. Additionally, it is with respect to the acceptance of a plurality of monetary transactions that can be accepted in a short amount of time. In those accepted monetary transactions, the paragraph specifically notes that there are unauthorized monetary transactions, and it is only the authorized transactions which are credited to a recipient's account. Thus, column 6, lines 46-56 of Ziarno does not relate to any modification of the contactless card or data in the memory of a contactless card.

Because Ziarno fails to teach or suggest either of the steps set out in applicants' independent claim 1, it cannot anticipate or render obvious the subject matter of this claim or any claim dependent thereon.

Should the Examiner believe that Ziarno does teach the step of "provisionally recording" and the step of executing all or nothing commands, he is respectfully requested to identify the column and line number of such disclosure. Absent such identification, any further rejection of claim 1 or claims dependent thereon under the provisions of 35 USC §102 is respectfully traversed.

Claims 2 and 3 stand rejected as unpatentable over Ziarno as previously applied, further in view of Fujisaki (U.S. Patent 4,877,945). Inasmuch as this rejection incorporates the application of the Ziarno reference, the above comments distinguishing the Ziarno reference are herein incorporated by reference.

The Fujisaki reference, unlike Ziarno, does direct itself to the problem of interrupted transactions for a card with an internal memory. However, Fujisaki only discloses providing a flag alarm that a previous command has not been completed (by the receipt of an “end command”). On page 7, under section 6 of the Official Action, in the first paragraph the Examiner points out numerous claimed features which are missing from the Ziarno reference and this admission is appreciated. The Examiner then contends that Fujisaki somehow discloses these features and that it would be obvious to combine the Ziarno features and the Fujisaki features.

As noted above, because neither reference is directed towards a step of “provisionally recording” or the “all or nothing” step, even their combination cannot render obvious claim 1 or claims 2 and 3 dependent thereon. More importantly, the Examiner has failed to point out how or why one of ordinary skill in the art would combine the various features from Ziarno and Fujisaki in order to render obvious applicants’ claim.

It is noted that the burden is on the Patent Office to establish a *prima facie* case of unpatentability under §103 and here there is simply no case or even an allegation. Any further rejection of claims 2 and 3 is respectfully traversed.

Claims 7 and 9 stand rejected over Ziarno, further in view of Ohashi (U.S. Patent 5,761,309). Again, the above comments with respect to the Ziarno reference are herein incorporated by reference. In section 7, bridging pages 8 and 9 of the Official Action, the Examiner makes numerous admissions as to the failure of the Ziarno reference to teach

the claimed subject matter. The Examiner fails to point out how or where Ohashi teaches the missing steps from applicants' independent claim, i.e., the "provisionally recording" step and the "all or nothing" step.

Additionally, the Examiner suggests that it would somehow be obvious to modify Ziarno by combining the teachings of Ohashi with Ziarno. But if neither reference teaches the missing steps, even if the combination were obvious, they cannot render obvious the subject matter of the claims. Moreover, it is not seen how or why one of ordinary skill in the art would be motivated to combine only selected teachings of the Ziarno and Ohashi reference while ignoring the other teachings which would lead one away from the combination. The Examiner has simply not set out a *prima facie* case of obviousness under 35 USC §103.

Claims 6, 8 and 10 stand rejected under 35 USC §103 as unpatentable over Ziarno as previously applied, further in view of Vanstone (U.S. Patent 6,178,507). Again, the above comments with respect to the Ziarno reference are herein incorporated by reference. Additionally, the Examiner, in the paragraph bridging pages 9 and 10, makes numerous admissions as to claimed method steps or interrelationships which are missing from the Ziarno reference.

The Examiner then suggests that mutual authentication between a terminal and a smart card using certificates is taught in the Vanstone reference. However, there is no disclosure that the "provisionally recording" step or the "all or nothing" step recited in applicants' independent claim, from which all claims depend, is disclosed in either the

Ziarno or Vanstone reference. Accordingly, the lack of disclosure of either of these method steps in either prior art reference would appear to avoid any *prima facie* case of obviousness over the Ziarno/Vanstone combination.

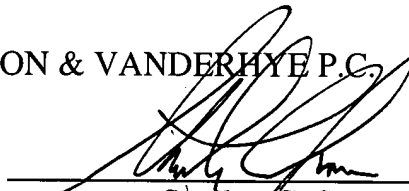
Moreover, the Examiner has failed to point out how or why one would pick and choose aspects of the method claims from both the Ziarno and Vanstone references without any motivation being identified. Simply put, the Examiner has failed to establish a *prima facie* case of unpatentability and any further rejection of the claims thereunder is respectfully traversed.

Having responded to all objections and rejections set forth in the outstanding Official Action, it is submitted that claims 1-13 as currently amended are in condition for allowance and notice to that effect is respectfully solicited. In the event the Examiner is of the opinion that a brief telephone or personal interview will facilitate allowance of one or more of the above claims, he is respectfully requested to contact applicants' undersigned representative.

Respectfully submitted,

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